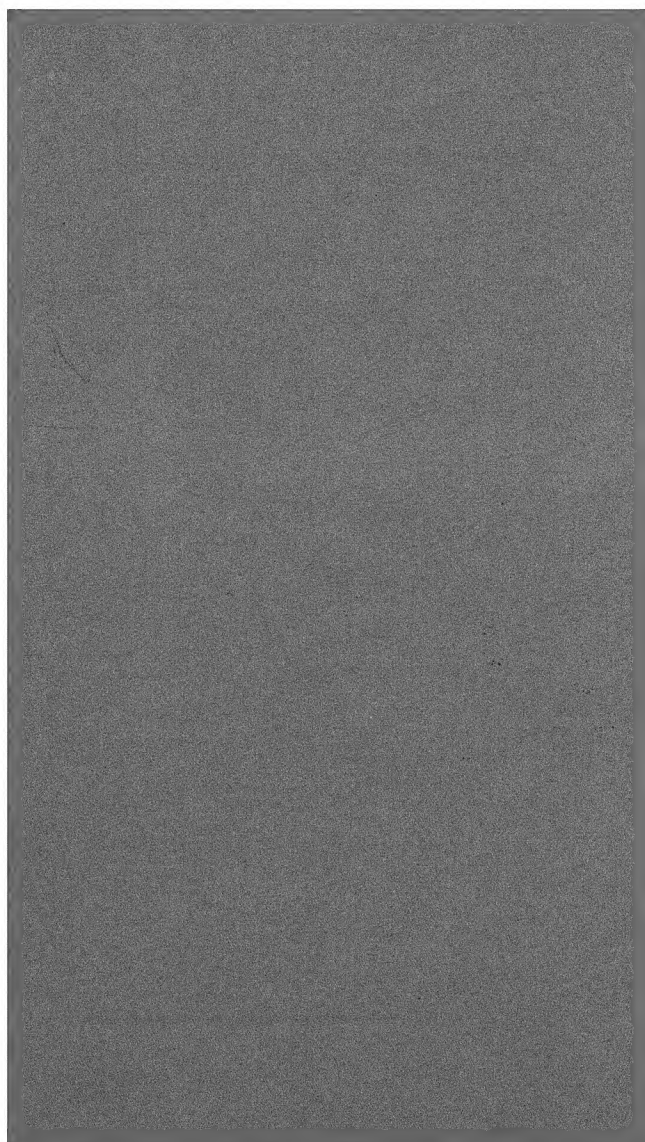




ANNUAL REPORT

1914

THE GRAIN GROWERS' GRAIN CO. LIMITED
WINNIPEG MANITOBA



The Grain Growers' Grain
Co. Limited

Winnipeg

Annual Report

For the Twelve Months
ending the Thirty-first of
August, Nineteen-
Fourteen



Shareholders should carefully keep the Annual Reports
They will thus have a continuous record
of the Company's history

COMPARATIVE STATEMENT

Opened Business

	Sept. 1, '06	June 30, '07	June 30, '08	June 30, '09	June 30, '10	June 30, '11
Shares Allotted	1,000	1,853	2,932	7,558	14,131	24,602
Capital Subscribed	\$25,000	\$46,325	\$73,300	\$188,950	\$353,275	\$615,050
Capital Paid-up	\$ 5,000	\$11,795	\$20,385	\$120,708	\$292,957	\$492,062
Grain Receipts (Bus.) ..	.	2,340,000	4,990,541	7,633,146	16,332,645	18,845,305
Profits	.	\$790	\$80,190	\$52,902	\$95,663	\$69,575 46

June 30, '12 *Aug. 31, '13 Aug. 31, '14

	June 30, '12	*Aug. 31, '13	Aug. 31, '14
Shares Allotted	27,321	32,500	42,477
Capital Subscribed	\$688,000	\$809,950	\$1,061,925
Capital Paid-up	\$586,472	\$645,361.80	\$771,409.35
Grain Receipts (Bus.) ..	27,775,000	29,975,000	29,920,225
Profits	\$121,614	\$164,332 57	\$151,080.92

TOTAL FARMERS' GRAIN HANDLED SINCE SEPT. 1, 1906 - - - 137,821,862 BUSHELS

*14 months in this year.

The Grain Growers' Grain Company Limited

Head Office:

WINNIPEG . MANITOBA

Capital Authorized . . .	\$2,000,000.00
Capital Subscribed . . .	\$1,061,925.00
Capital Paid Up, Aug. 31, '14	\$ 771,407.35

BOARD OF DIRECTORS, 1914-1915

T. A. CRERAR.....	Russell, Man.
JOHN KENNEDY.....	Swan River, Man.
R. McKENZIE.....	Winnipeg, Man.
E. J. FREAM.....	Calgary, Alta.
WM. MOFFAT.....	Souris, Man.
F. M. GATES.....	Fillmore, Sask.
JOHN MORRISON...	Yellow Grass, Sask.
F. W. COLLYER.....	Welwyn, Sask.
JOHN F. REID.....	Orcadia, Sask.

To our Shareholders

November 12, 1914.

Gentlemen:—

We take pleasure in presenting to you the Eighth Annual Report of the business of the Company for the year ending August 31, 1914. In it you will find the President's address, the Auditors' Report, and the comments of the Shareholders' Auditor upon the same. We would ask you to give it your close attention. The success of the Company depends upon the intelligent interest of its Shareholders.

We suggest to you that you preserve the Annual Reports of the Company. As years pass you will in this way have a continuous record of its progress.

Yours truly,

Board of Directors,
The Grain Growers' Grain
Co. Ltd.

*Winnipeg
Canada*



EIGHTH Annual Report

President's Address

The following is the Report presented to the Annual Meeting of Shareholders of The Grain Growers' Grain Company Limited, held at Winnipeg on November 4 and 5, by the President, T. A. Crerar:

Another year has rolled by and we are again assembled for the eighth time, to consider, as the Shareholders of the Company, the business of another year.

When the Directors met the Shareholders at our Annual Meeting a year ago, they had to report serious losses in the Company's business for the year then closed. This was not a pleasant task. The report we have now to make for the past year is not one covering losses, but rather one of steady progress. There have been difficulties to surmount, but they have been slight in comparison with the difficulties of the three previous years. Our Company might very well be likened to a great ship on the ocean that has passed through severe storms and come through into fairer weather.

I do not purpose detaining you at any length in this Report, which, I may add, has been submitted to the Directors and has their approval. I wish, as briefly as possible, to deal with a few of the outstanding features of the Company's business and its policy for the future.

MANITOBA COUNTRY ELEVATORS

You will remember that in our operation of the Manitoba Government Elevators for the year ending 31st August, 1913, the Company made a very considerable loss, due to reasons set out in our Report of a year ago. For the year ending 31st August, 1914, I am glad to say that we were able to change this into a small profit of \$4,317.29.

I may tell you quite frankly that the publicity and comments given to our losses on the Export business by some newspapers in their reports on our Annual Meeting a year ago, led to some injury to our credit, and in order to provide against any contingency that might arise in this connection, we thought it wise, at that time, to ship out immediately a large quantity of our own grain which we were holding in our elevators, so that it would be available for immediate realization. Events for a few months after our meeting proved the wisdom of this course; and while the selling of this grain placed us in a position to successfully meet any demands that might be made upon us, it deprived us of a very considerable profit that we might have made by holding this grain in the elevators and earning the carrying charge upon it throughout the winter. If we had had all the money we could have used to advantage, we could have made these elevators earn, I think, at least \$20,000 more.

We have, as you will have noticed from reports in the newspapers, leased these elevators for another year on somewhat better terms than we had them a year ago. This lease was concluded before the outbreak of war, and when the crop in Manitoba prom-

ised very well for this season. The shrinkage in grain yields—due to unfavorable weather in August—and the outbreak of war, has somewhat upset our calculations in this respect, and I should not be at all surprised if the Company operated these elevators this season at a loss. In again leasing these elevators, the Directors have acted within the authority given them by the Shareholders at the last Annual Meeting. We had undoubted evidence that the Government of Manitoba had the opportunity to lease these elevators to outside firms (connected, I believe, with Minneapolis grain interests) for a higher rental than we were willing to pay. The Government desired, however, that they should remain in the hands of the farmers of the province, and gave us very substantial assistance by depositing \$300,000 of Provincial Government funds in our bank to assist in financing the purchase of grain through the elevators. The method of leasing from year to year is not a very satisfactory one, and we should have some expression of opinion from the Shareholders as to whether or not it would be advisable for the Directors to endeavor to secure these elevators for a term of years. There is no doubt that the changed conditions in the last three or four years have materially affected the value of many of them, and this has to be taken into consideration.

LOYALTY ESSENTIAL TO SUCCESS

It is a fact that in many cases we have not received the support we should have had in the operation of these elevators. At many points every effort possible has been used to draw support from us. The cost of operating an elevator on the average, exclusive of interest and depreciation charges, is at least \$150 per month. It takes a certain volume of grain to repay or make up this amount. If the volume of grain is not forthcoming, the operation is carried on at a loss. In many cases last season we closed elevators early—creating dissatisfaction thereby—because every day they were open meant additional

loss. It wants always to be borne in mind that in elevator operation it is the volume of grain that counts. The personality and ability of the operator is a very important factor. To build up an efficient elevator service in this respect, we must aim to retain our good men. They cannot be expected to work seven or eight months in the year and be available again when we want them.

Eight or ten years ago, before the farmers became active in the handling of their own grain business, (and indeed, today, in many of the newer portions of the Canadian Northwest the same thing occurs), very large spreads were taken, and in the absence of competition the grading of grain lay entirely in the hands of the operator of the elevator. In this way many elevators, through the considerable volume of grain they handled, were able to pay for themselves practically in one year. As far as Manitoba, at least, is concerned, this has very much changed, and the grain elevator service to farmers today in this Province generally could not be improved upon. It is impossible, however, for the Company to operate elevators in this Province or anywhere else, if we cannot do so profitably. This is a matter that I think could very well be discussed by the Shareholders present. My own view is that every effort possible should be made to enable the Company to retain these elevators and to operate them profitably, and this can be done—despite the keen and sometimes unfair competition we have—if those who wish the Company well, in this Province, will give it the proper measure of support. Indirectly, they are valuable to us as feeders to our Terminal Elevator at Fort William. From information we secured last summer, we had good reason to believe that the interests who were endeavoring to lease them, desired to use them as feeders for their terminals. This would have affected us in the other end of our operations, and was an additional reason why the Directors desired to retain them.

EXPORT BUSINESS

You will recall that in the Report of our Export Business a year ago, the Company had suffered a very serious loss. This has all been met out of the reserves the Company had created. The Shareholders at that time asked the Directors to consider ways and means of still continuing in this business, realizing that the Company must build its business so that it controls or influences, as far as possible, all the channels and steps between producer and consumer, in marketing our grain.

I am glad to say that the Directors have been able to effect the reorganization of the Export Business under management which, we believe, is entirely capable of handling it. Our new Manager has had fifteen years' experience in the business, and comes to us exceedingly well recommended. He has taken some stock in the Export Company and has been elected on the Board of Directors as Managing Director. We thought it advisable to reduce the number of Directors on the Board of the Export Company from nine to five. The other four of these five Directors are the Executive of The Grain Growers' Grain Company, and The Grain Growers' Grain Company thus fully retains control.

We were able to make very satisfactory arrangements with the Bank of Montreal for a line of credit to handle the account. No guarantee has been given, or will be given, by The Grain Growers' Grain Company on any part of the business of the Export Company. It will stand absolutely on its own feet. As The Grain Growers' Grain Company paid all of the losses, our investment of \$50,000 still stands in it. The Company under the new Management started business in August, and has already done a very nice business. There is every reason to hope and expect that in a few years we will have a business that we can be proud of—one that is now on a sound basis financially, and is already exerting an influence upon the marketing of our grain abroad. Our Export

business a year ago was in about as bad shape as it was possible to conceive of. Today it occupies a standing as good as that of any other firm on our Exchange.

TERMINAL ELEVATORS

Our small Terminal Elevator, known as Terminal "H," at Fort William, which, as reported to you in our last Annual Meeting, had been purchased with a view of putting the Company in a position to handle some of the tough grain by mixing, and to clean cars that might be rejected for containing other grains, has not proved financially successful for the first year. After charging up interest, taxes and depreciation against it, we had a considerable loss upon it, which has been entirely cleaned off.

While these elevators a few years previous to last year undoubtedly made considerable profits, more stringent regulations by the Grain Commission—and particularly the character of the crop for last year, where the grain was all high quality and spreads between grades very narrow, the need of such an elevator was not so apparent and the opportunity to make a profit on it was lacking. This year, owing to changed conditions, we expect to run this elevator at a profit.

In our large elevator leased from the Canadian Pacific Railway, we handled about a million bushels more grain last year than we did the year previous. A considerable amount had to be spent in repairs and also in installing a plant for receiving and distributing power at the elevator. This elevator also proved profitable, although the profits on it were somewhat less than the previous year, owing to the causes I have just mentioned. A Terminal Elevator, like a Country Elevator, has certain fixed charges. In the case of the terminal house they are heavy. A very large volume of grain must necessarily pass through the elevator in order to meet these charges. What we get over and above that volume constitutes

our profit. For the present year we expect the profit on the Terminal will be considerably less than last year, for the reason that we cannot expect—owing to the shortness of the crop—to handle more than three-quarters of the grain that we have handled in each of the last two years.

CO-OPERATIVE DEPARTMENT

Reference was made in our Report a year ago to our Co-operative Department. We have since considerably enlarged the scope of its work. Up to the 31st of August, 1913, our work in this respect was confined to the handling of flour. In the year ending 31st August, 1914, in addition to flour, we have handled the following commodities and quantities in carload and less than carload lots:

Commodity	Commenced Handling	Quantity Handled
Coal	Oct., 1913.	8,926 tons
Apples	"	5,336 bbls.
Lumber	Mar., 1914	89 carloads
Fence Posts	"	60 carloads
Flour	"	213 carloads
Woven Fence Wire.	April, 1914	190,280 rods
Barbed Wire	"	8,581 80-rd. rolls
Binder Twine	"	2,395,400 lbs.

Your Directors have gone rather slowly in this field and have regarded the work up to the present time as an experiment. It is an experiment which has proved successful, and it can now be regarded as a permanent feature of the Company's business. Owing to its growth and position the Company is able to buy many commodities on as good a basis, and better in some cases, than the ordinary wholesaler can. Our aim should be to reduce to as low a point as possible the cost between manufacturer and consumer. Our Western farmers are losing as much

today in their methods of buying their requirements as they did twelve years ago in the marketing of their grain.

In addition to the articles enumerated above, small shipments of sash, doors, nails, paper, cement and roofing material have been handled. This has been done on request, and the Company has not advertised that it was handling these lines. It is quite likely, however, that as far as building material, at least, is concerned, the scope of our work will be widened in the present year. The total value in the turn-over has been, for the year, over \$580,000. Comparisons up to the present time, since September 1 (the commencement of our business year) with the corresponding period last year, indicates that our business in this Department will be more than doubled during the present year. One of the commodities of which we handled the largest amount, you will note, was twine, having sold and distributed almost two and one-half million pounds. Some time ago we addressed a circular letter to all who received this twine, enquiring, among other things, what saving they had effected, and have received replies from practically all of them. From the information thus gained, we figure, conservatively, that we have saved 2½¢ per lb. directly on the amount of twine we handled, which amounts to over \$50,000 on this item alone. There was, undoubtedly, also a considerable saving in the reduced prices that resulted in a general way from our being in the business. This business, as you are aware, is done upon a cash basis. A sufficient deposit to guarantee good faith must accompany each order and the balance of the cash has to be paid when the goods are delivered. In a very few cases, owing to exceptional circumstances, slight deviations were made from this practice, but only under very special circumstances. The principle the Directors have laid down in this connection and which will be carried out rigidly, is that this business must be on an absolutely cash basis. While the credit system of doing business has certain advantages in a young country, there is no doubt

whatever that it has been very much overdone in Western Canada. Thousands of people have been induced to buy, at very high prices, stuff they could have got along without, and mortgaged their future to pay for it. The citizen who makes it a practice to buy for cash as far as possible, is the best type of citizen a country can have. We should give every encouragement possible to people to buy for cash, chiefly by making it worth their while to do so. This will unquestionably exert a beneficial influence all around, and I am quite free to say, we have received encouragement in this direction from sources that hitherto have not been friendly to the Company.

FARM MACHINERY

In connection with the work of this Department, we have also recently closed contracts with several firms for the handling of certain lines of Farm Machinery, and believe that a very considerable saving will be effected in this direction as well. We foresee certain difficulties in the handling of this—particularly those that may arise from farmers perhaps not understanding thoroughly the handling of the machines they may get. At the present time, when anything goes wrong with a plow, disc or drill, the farmer usually gets the local Implement Agent to come and fix it, and this, it should be borne in mind, is always figured in the cost. Every farmer, up to a certain point, should be a mechanic and be as far as possible his own expert in handling his machinery. We believe all the goods we are supplying are fully reliable, and while there may possibly be certain difficulties arise through the inexperience of purchasers, nevertheless, we think that very real benefits will come through the Company engaging in this activity. We want to make this clear, that on every line of stuff that the Company handles, it should, and must, make some profit. As we gain experience and the volume handled grows, we may naturally expect reductions in the cost of handling, which will further reduce the cost of these goods to the purchasers.

FLAX TWINE

You will also recall that at our last Annual Meeting the Directors were looking into the possibility of manufacturing twine from flax straw. Our investigations have been going on throughout the year. While everything looks quite favorable in respect to the possibility of attaining this object, the Directors are not yet thoroughly satisfied as to the advantage of it, and have secured an extension of the option we hold for the Canadian rights on the clamping device necessary to be attached to binders for this purpose, so that further enquiries can be made.

There is no doubt whatever of the success and utility of this clamping device itself, which can be attached to any binder at a reasonable cost. That it will work satisfactorily has been clearly proven beyond question of doubt. The point which we are not yet satisfied upon is the actual cost at which flax twine can be manufactured from threshed flax straw. A factory for the manufacture of this twine, is, we are informed, being built at Crookston, Minnesota, and we will be able to learn from it, under conditions similar to our own, how far it can be utilized for the purpose of harvesting our crops. It is clear that if it can be so utilized we could dismiss the possibility of combine prices for twine arising through any control of the raw material from which ordinary binder twine is made, and which is limited in its production. There could be no cornering of the raw material in flax straw. Again, a twine famine has happened in the past and may possibly happen in the future. The Directors think it possible, although as yet they are not assured of it, that a considerable saving in price may be effected and a market of some importance created for the raw material of threshed flax straw.

Our present option expires on December 1, 1915 and we have until that time to decide whether or not the Company should take up this enterprise.

GRAIN GROWERS' B. C. AGENCY

The information was given in our Report of a year ago that the Company had purchased a controlling interest in the Grain Growers' British Columbia Agency, of New Westminster, B.C. The purpose of this was to get established on the Pacific Coast in the expectation of future business. It is expected that in a few years' time a trade route of great importance will develop between British Columbia ports and Europe, via the Panama Canal, and it is quite possible that the grain from Alberta, and perhaps a portion of that from Saskatchewan, for a considerable portion of the year at least, will reach Europe via this route. In addition, there is usually each year a considerable amount of Alberta oats and hay marketed on the Coast, and it was also with a view of being able to handle this trade that our interest in the British Columbia Agency was purchased. Business conditions have been exceptionally dull on the Coast this year, and as a result of this, there was a slight loss on the year's operations of this Agency. It is therefore yet too early to speak with much definiteness as to what growth the business out there may make. While business conditions still remain very dull, we nevertheless, hope to make some profit on our operations for the present year.

BALANCE SHEET

The printed Profit and Loss Statement and Balance Sheet will be placed before you. An examination of it indicates that the position of the Company has improved considerably during the past year. Our Auditor, in his Report, commenting upon it, states:—"From the Profit and Loss Account it will be observed that the balance brought out at credit thereof amounts to \$151,080.92, as compared with \$164,332.57 for the fourteen months ending 31st August, 1913, showing this year's results to be the best yet. Turning to the Balance Sheet, it will be seen that the total assets stand at \$1,531,782.05, as compared with \$1,371,152.72 of a year ago, showing an increase

of \$160,629.33. The Liabilities, exclusive of Shareholders' Capital, Reserve and Profit and Loss Balances, stand at \$527,458.97, as compared with \$532,021.25, or a decrease of \$4,562.28. The collectable interest of Shareholders on the strength of the Balance Sheet before you, now stands at \$1,004,323.08."

It will be seen from this that the Company has had a prosperous year. The gross income for the year, as you will observe, has been \$867,137.96. The charges against that, you will find, are set out on the Profit and Loss Account, leaving a net profit of \$151,080.92 on the year's operations. To that there falls to be added \$10,769.67, the amount at credit of Profit and Loss Account last year. We made some liberal allowances last year on a few accounts payable that we had at that time. When they were finally cleaned up we found that we had—after providing for certain charges—net credits to be carried forward to the Profit and Loss Account of \$4,402.01, making the actual amount carried forward into this year \$15,171.68, which, added to the \$151,080.92 profit for the year, makes a total of \$166,252.60. From this has been deducted \$3,000 of the \$6,000 granted to the Provincial Grain Growers' Associations, and also \$20,907.66. This latter sum is arrived at as follows:—

The premiums received on stock sold for the year were \$55,840.95, and the expenses during the year in the Organization Department were \$27,791.17, which were properly chargeable against the premiums received on stock. This left a balance of \$28,049.78 from this source, which, when deducted from the amount carried forward a year ago at credit of Organization Expenses in our Balance Sheet, leaves \$20,907.66, the amount referred to above. This, with the grants to the Associations already mentioned, leaves \$23,907.66, which has been deducted from the amount at the credit of Profit and Loss Account, viz.: \$166,252.60, leaving this—after paying off all the Organization expenses carried forward a year ago—\$142,344.94.

Commenting on our Balance Sheet, I will add but little to what our Auditor has already said. It is needless to say that any company that is increasing its assets and decreasing its liabilities is improving its position, and we are in that happy situation this season.

The total reserve a year ago stood at a little over \$182,000, which was further reduced considerably before all the losses on the old Export business were cleaned up. Out of the \$142,344.94 at the credit of Profit and Loss which we have referred to, \$73,515 has been reserved for the payment of dividend, which has been deferred for reasons already stated in a letter to the Shareholders; \$60,213.37 has been transferred to reserve, making the total reserves, general and special, \$215,000, and leaving a balance at the credit of Profit and Loss to be carried forward to next year, of \$8,615.73.

I have no hesitation whatever in saying that, despite all the trouble we have had in the last three or four years, the present Balance Sheet is the strongest and best that has yet been laid before you.

There have been increases in our investments under Stocks and Shares—due practically altogether to the investment of \$18,000 in the B. C. Agency, and further investments in the Western Farmers' Lumber Company to enable it to make the necessary payments to the people from whom it was purchased. Additional payments have been made throughout the year on a few small items of Real Estate. One of these, I might state, is on lots purchased close to Portage Avenue—opposite Canada Bread Company's plant—where we expect, when we are able to do so, to build a permanent home for the Public Press and the Grain Growers' Guide.

In the year ending 31st of May, the Public Press, which prints the Grain Growers' Guide and does a general Job Printing business, made a nice profit on the year's business, which was left in the business. Most of you are aware that The Guide, proper, up to

the present time has not yet paid, although we hope in a few years' time to reach the point where it will. Consequently, our investment of money in the Public Press Limited, while we expect that before many years it will be returning us dividends, has not yet done so. We have also had, for almost three years, our investment in the Grain Growers' Export Company, from which we have drawn no dividends; the investment in the Western Farmers' Lumber Company stands in the same position; and also our investment in the Grain Growers' B. C. Agency. These investments, your Directors consider, are all good, and before many years will be upon a sound paying basis.

As you are aware, the policy of the Company has not been to build up huge profits, but rather to lay broad foundations that would influence for the better in as many ways as possible, the conditions of life and reward for their work, of the farmers of Western Canada. The fact that we have had a very considerable amount of our capital invested with this object in view, and which has as yet brought us no return in dollars and cents, should not be overlooked by our Shareholders. To further aid in this, we have given in cash grants to the Grain Growers' Associations since 1909, over \$27,000, and about the same amount to the Grain Growers' Guide.

I might add that the Directors do not expect that the Public Press will do as well in the present year as it did last year. Advertising in The Guide after the outbreak of war dropped from four to five hundred dollars per week. It was of course impossible to correspondingly reduce the expenses, and as a greater portion of the revenue comes from advertising, it is not difficult to foresee the resulting effect.

During the season one elevator was built at Woodnorth. We were requested to build several more, but the Directors thought it was advisable to go slowly in this matter during the present year.

The last three or four years have been years of stress and difficulty. While the Company had very heavy losses, the experience gained proved valuable. It must be a matter of very great pride—not only to the Board of Directors, but to the Shareholders and every well-wisher of the Company as well—that the strenuous experience we have passed through has in no way, as far as can be learned, affected the position of the Company in the confidence it enjoys of the Shareholders and farmers, generally, of this country. To announce a loss of \$225,000 on an Export business, and in the year after it to increase our subscribed capital over \$250,000 and our paid-up capital by \$125,000 is, I think, a matter of keen satisfaction. I do think that the farmers of Western Canada, as a whole, are perhaps realizing, in a way they have never done before, the necessity of having their own organizations and of strengthening and supporting these organizations in every way possible. This is perhaps the natural condition arising out of the hard times we are passing through.

We very often find that an individual in comfortable circumstances is not so vitally concerned with the welfare of those who may be less fortunate around him. However when a period comes such as we have experienced, when almost every one has experienced more or less difficulty in making both ends meet, it brings home to people in a way that nothing else does, the importance of doing everything possible to improve their situation. There has been, as you will note, a slight decrease in the amount of grain we have handled the past season—despite the fact that the crop was slightly larger than that of the year previous. There has been a very noticeable falling off in our receipts from Saskatchewan. Without venturing any criticism, this can be attributed directly to the development of the Saskatchewan Co-operative Elevator Company. The points in Saskatchewan where we have done the most work and had the strongest position a few years ago were naturally the first points to request the erection of

Co-operative Elevators, and their business has naturally since gone very largely to that Company. Thus, at many of the points in Saskatchewan, where three or four years ago we received from 75 to 100 car-loads of grain per year, we do not now get one-tenth of that. I merely mention this as an explanation of the lack of increase that should have been reasonably expected in the amount of grain we handled. The Saskatchewan Co-operative, I understand, for the past year handled about twenty million bushels of grain. If this is added to the amount we handled, we find that in round numbers, the farmers of Western Canada last year handled through their own companies about fifty million bushels of grain, or, I think, slightly over one-quarter of the total amount of grain marketed in the past year.

CENTRAL ORGANIZATION NEEDED

When we consider that this has all been achieved in the short space of eight years it is a matter I think for some little pride. With the development of the Saskatchewan Co-operative Elevator Company, and now of the Alberta Co-operative Elevator Company that is coming to the front in Alberta, we must not ignore the possibility of misunderstanding, jealousy and difference of opinion arising. I say it boldly, that it is the business of the movement connected more closely with the guiding of the destinies of these concerns, to build and mold them on harmonious lines. The interests of the farmers of Western Canada, individually or otherwise, are in all essentials the same. They must be brought more closely together and must not be permitted to drift apart. It remains to be seen whether we have men big enough to sink out of sight the personal jealousies and feelings that so often arise and to concentrate their mind alone on finding, by due deliberation, the means of drawing and molding our organizations into one grand perfect whole. He would be foolish who would say that there were no difficulties in the way. Difficulties, however, exist to be

surmounted. In building to bring such an object to a successful conclusion, the foundation must be laid upon broad lines to permit of natural easy development in any direction. It is not too much to conceive of one great Central Organization purchasing the supplies required by tens of thousands of our farmers, and of the creation of the proper agencies and means for distributing these down to the individual unit. The same applies to the sale of produce. Such an organization, welded together for a common purpose, could not help but have a powerful influence on the moulding of public opinion that will find its reflection in the character of our laws. The tariff on agricultural implements, for instance, or restrictions upon the entry of our natural products into the United States—which could be removed by our own Governments—could not long withstand the influence that would naturally arise from such a splendid organization. I want each Shareholder here to think over the possibilities that attach to this. Above all, let us sink our petty jealousies and differences on matters that are not essential and work together with willing hands for the bringing about of those broader and deeper principles on which our success, not only as members of our own Organization, but as a nation, vitally depend.

During the year our Farm Lands were exchanged for an Apartment Block, well located, in the City of St. Boniface. Owing to the depressed conditions resulting from the outbreak of war, city rents have dropped in the last few months very materially, and the Special Reserve of \$15,000, which you see in the Balance Sheet, is placed there to provide for depreciation in the value of this security as a result of these conditions.

FINANCES

During the past year our money has cost us somewhat more than it had hitherto. At the commencement of our grain season a year ago, we made an

arrangement with the Alberta Co-operative Elevator Company, whereby we became their selling agents in Winnipeg and assisted them in financing their business. This brought a considerable volume of grain to the Company. Owing, however, to the shock to our credit a year ago from the reasons I have already referred to, we found some difficulty in securing the amount of money we should have had to carry grain in our country elevators. For the present season we had our financial arrangements practically completed by the middle of July for this season's business, and had sufficient money in sight to meet our own requirements and give the necessary assistance to the Alberta Co-operative Elevator Company to enable them to get firmly established. The outbreak of war, however, upset our plans badly in this respect. We have been able to make some other arrangements, and while the situation is yet very much unsettled, we expect to be able to get through the season fairly well.

As you are aware, the dividend which was declared by the Directors to be payable on September 1, and which amounts to over \$70,000, has been withheld until the financial situation cleared up. While, if this had been paid out in cash, it would have been of undoubted value to the Shareholders, it will, nevertheless, serve their interests better to retain it in the business. It would have been better in the past had we paid smaller dividends—strengthening us in this way so that we could depend more on our own resources and less on outside sources, for the money necessary for our business.

CONCLUSION

Today the world is gazing on the most gigantic struggle between the nations that is known in history. The mighty nations engaged in combat will not give up until one or the other is completely exhausted. The period of reconstruction that must follow upon the return of peace will present

many problems and many difficulties. Canada is bound to be affected by this, to what extent it is impossible to know. It is altogether likely that after the war is over there will be a considerable increase in the immigrants coming to Canada to make their future home. It is our business as Canadians—as far as we can do so—to see that these people coming to make their home in this Canada of ours shall not be made the objects of exploitation in any form whatever. We hear considerable nowadays of the necessity of a “Back to the Land” movement. It is being discussed in newspapers, in business circles, Boards of Trade, and in other quarters as well. This is all very admirable. It is necessary, however, to do a little more than merely get people located on land with a view of increasing agricultural production. It is necessary to free agriculture from the burdens now resting upon it, and make it the first business of the country.

During the past ten years the people of Canada have mortgaged the prosperity of the future to far too great an extent. Our total borrowings as a nation, for public and private purposes, have run into such a colossal sum that it requires about one hundred and sixty million dollars annually to pay interest on the amounts borrowed. This constitutes, as can be readily seen, a very heavy task on a country with about eight millions of a population. Manufacturing industries have been built up with the view of developing home industry and furnishing home markets, but often at a very heavy cost to our agricultural development, with the result that we have been travelling in a circle reaching nowhere, rather than along the road that leads to progress.

Much of our natural resources has been recklessly handled, and as a people we are faced with the necessity of overcoming the evil effects of our unbusinesslike methods as a nation in administering them. If we are to overcome our shortcomings in

this respect, and pay our obligations as a nation to the outside world, we must place agriculture throughout Canada upon a thoroughly sound and profitable basis. The creation of wealth from our wonderfully rich natural resources, in which agriculture stands in the forefront, is the essential thing, and should receive most consideration from our Governments—both Dominion and Provincial. In order to give all the encouragement possible to agriculture, life on the farm should be made as attractive as possible. The farmers of the country should not be regarded—nor should they permit themselves to be regarded—as fit subjects for exploitation. Their work must be made profitable and their social environment made better. In the work this Company has done, this object has never been lost sight of. A great deal of criticism has often been directed by manufacturers and others to the unbusinesslike methods farmers follow in the carrying on of their industry. A very great deal of criticism, we must frankly admit, has been well directed. Far too many farmers imagine that their success depends on the number of hours of hard labor they can put into each days work, and lose sight entirely of the value of intelligent planning in their work, and of keeping some form of simple records in their business that will enable them to know when and where they are making money or losing it. The business of farming, if you are to get the best results, calls for as much intelligent planning and thought as any other business does.

In conclusion, let me again urge upon you the importance and need of your support to your own organizations. It is your business, as well as the business of those whom you place more directly in control, to see that they succeed. We are building up in Western Canada wonderful organizations from the ranks of farmers alone. I venture to hope that before many years have passed that we will be rounded out into one perfect whole upon lines that

will give complete autonomy to local groups, county or provincial organizations, as the case may be. When such is accomplished we can become our own manufacturers, our own distributors, and in short all those things which we are now so often taxed heavily by others to do for us. In doing this we will raise the standard of our citizenship, the standard of our public conscience, and the standard of our laws. The progress made by the farmers of Western Canada during the last ten years gives abundant assurance that this is not a dream but a practical reality, that can and will be brought about.



Profit and Loss Account for 12 Months ending 31st August, 1914

1914				
Aug. 31.	By Grain Account—Commissions, Eleva- tion, Storage, Screenings, etc.....		\$850,05	
"	" Dividends on Stocks and Shares		17,08	
"	To Salaries and Wages—Wages at Line and Terminal Elevators, Office Salaries, Buyers' Salaries and Expenses, Trav- ellers' Salaries, etc., etc.	\$307,919.75		
"	" Rent and Power at Elevators and Mill— Manitoba and Terminal Elevators ..	165,578 46		
"	" General Expenses—including Line and Terminal Elevators	225,103 31		
"	" Depreciation on Elevators	9,328 71		
"	" Bad Debt Charges	8,126 81		
		<u>\$716,057 04</u>		
"	" Balance carried down	151,080 92		
		<u>\$867,137 96</u>	\$867,137	
1914				
Aug. 31.	By Balance, being Profit for year, brought down		\$151,080	
	To which falls to be added:			
	Balance at Credit of Profit and Loss Account, 31st August, 1913	\$10,769.67		
	Add Net credits applicable thereto.....	4,402 01		
			<u>\$ 15,171</u>	
			\$166,258	
	From which falls to be deducted:			
	Grants to Grain Growers' Associations..	\$ 3,000 00		
	Organization Expenses	20,907 66		
	Premium on Stock	\$55,840 95		
	Expenses during year	27,791 17		
		<u>\$28,049.78</u>		
	Balance carried forward on Organization at 31st Au- gust, 1913	48,957 44		
	Leaving to be written off ...	<u>\$20,907 66</u>		
			<u>23,907</u>	
			<u>\$142,344</u>	

JOHN SCOTT, C.A. }
W. H. BEWELL } Auditor

Winnipeg, October 20th, 1914.

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Remarks by Shareholders' Auditor

(ABBREVIATED)

In accordance with the practice of past years, I respectfully submit the following explanatory notes in as brief a form as possible. A careful reading of this, in connection with the Annual Financial Statement, and the President's Address preceding, will enable our Shareholders to become generally acquainted with the operations of the Company's business for the twelve months ending August 31, 1914. Should any Shareholder find that this Report does not give him all the information he desires, by applying to the Secretary of the Company he will be able to get any further information.

VOLUME OF BUSINESS—The total receipts in the Winnipeg Office were contained in 21,134 cars. Different grain as follows: Wheat, 15,698; oats, 3,032; barley, 1,756½; flax, 647½. Comparing the Provinces with the previous year, Saskatchewan shows a marked decrease; this is accounted for largely through the extended elevator system of the Saskatchewan Co-operative Elevator Company. Manitoba also shows a slight falling off in consigned cars. Alberta, on the other hand, shows a satisfactory increase of about 600 cars. In addition to Winnipeg receipts over 700,000 bushels were handled locally at Calgary.

ALLOTMENT OF STOCK — The year ending August 31, 1914, was a successful year in the sale and allotment of the capital stock of the Company. The total number of shares of capital stock allotted at that date being 42,477 shares, held by 15,408 shareholders, against 32,400 shares held by 12,783 shareholders at August 31, 1913, an increase for the year of 2,625 shareholders, holding 10,077 shares. During the year the subscribed capital has increased

from \$810,000.00 to \$1,061,925.00, and the paid up capital from \$645,361.80 to \$771,407.35, which is a good showing for the year.

PROFIT AND LOSS ACCOUNT—INCOME—

Under the sub-headings, "By Grain Account" and "By Dividends," is shown the income of the year from the revenue of the several operating departments. "By the Grain Account, \$850,055.83" is derived as follows: From the Commission Department, the Line Elevator Department, terminal "B" (storage elevator), the Co-operative Department and Calgary Office. These all show a profit. Terminal "II" (cleaning elevator), shows a loss of \$13,653.91, which deducted from the total profits leaves the balance as stated above.

DIVIDENDS ON STOCKS AND SHARES—

\$17,082.13—The amount derived through the Commission Department through dividends received on Home Bank, and other stocks and shares, from rentals on various properties, and interest applicable on Investment Account, and being added to the amount under grain account, gives the total revenue from all sources of \$867,137.96. Against this has to be deducted the total expenses of conducting the Company's business.

EXPENDITURE—SALARIES AND WAGES—

\$307,919.75—This includes remuneration for services in all departments, also buyers, track buyers and 'travellers' expenses in the Elevator, Commission and Co-operative Departments; also Calgary Office.

RENT AND POWER—\$165,578.46—This item includes rental of Line elevators, Terminal elevators, and cost of power supplied to run these different houses.

GENERAL EXPENSES—\$225,103.31—This includes Line and Terminal Elevator expenses, which are made up of elevator equipment, supplies, taxes,

insurance, repair, registration and inspection. The balance of \$177,829.74 includes all the other office and operating expenses in all departments, the principal items being office furniture and fixtures, advertising, postage, legal fees and expenses, auditors' fees and expenses, sampling, flax twine investigation, machinery investigation, expressage, stationery and printing, testing, donations to charity and philanthropic institutions, etc., deemed worthy of support, and numerous other minor items of expenditure, such as business tax, Grain Exchange fees and dues, cost of bonding officers of the Company, cost of bonding commission merchants and track buyers, printing President's Address and Auditor's Report of 1913, printing and mailing daily price list, subscription to commercial journals for office use, licenses, caretaking, etc., etc.

DEPRECIATION (ON PLANT, OFFICE FURNITURE, ETC.) \$9,238.71—This includes the depreciation allowed in all departments.

BAD DEBTS CHARGES—\$8,126.81—While provision of this amount has been made for possible bad debts and included here as expenditure, it is hoped that a portion of the amount may yet be collected, and the profit increased accordingly. The total expenditure for the year, therefore, is \$716,057.04, which amount being deducted from \$867,137.96, the total revenue, leaves \$151,080.92 as the total profit on the year's business.

PROFIT AND LOSS ACCOUNT—In the Annual Report for the year ending August 31, 1913, the sum of \$10,769.67 was carried forward in open Profit and Loss Account. This amount was set aside to meet possible liabilities. This amount was found to be in excess of such requirements by \$4,402.01, which being returned to Profit and Loss Account for that year increased the amount to \$15,171.68, which, added to the profits of the past

year, gives \$166,252.60 as the available amount of that account as at 31st August, 1914.

It has been deemed advisable that funds arising from premium on shares of stock allotted should be used for or applied on Organization and Educational work.

The benefits arising from organization outlay are expected to be lasting in their effects, and it has been the usual practice to spread the outlay thus incurred over a period of three years, but in view of the funds available from premiums on Capital Stock allotted, it was decided to adjust the Organization Account in full to August 31, 1914; that is, to clear off the total Organization outlay for the year ending August 31, 1914, amounting to \$27,791.17, the outstanding two-thirds of such outlay for the year ending August 31, 1913, and the final one-third for the preceding year, these two latter sums amounting to \$48,957.44, and making the total \$76,748.61.

In adjusting this Organization outlay, the amount of premiums on stock (\$55,840.95) was applied, leaving a balance of \$20,907.66 to be provided for from the profits. Likewise the sum of \$3,000 paid during the year in grants to the Grain Growers' Associations in Manitoba and Saskatchewan and the United Farmers of Alberta, has also been provided for from the profits. Deducting these sums, amounting to \$23,907.66, from the accumulated profits of \$166,252.60 leaves \$142,344.94, the net profits available for distribution at the close of the year's business.

The distribution of this amount, as proposed, and approved by the Annual Meeting, is set forth in the balance sheet under Profit and Loss Account, viz.: Ten per cent. dividend on paid-up Capital Stock for the past year, \$73,515.84. Transferred to Reserve, \$60,213.37. Balance in open Profit and Loss Account, \$8,615.73.

ASSETS—INVESTMENTS—The assets of the Company amount to \$1,531,782.05, an increase of \$160,629.33 for the year. Of the total assets \$985,854.62 are under the heading Investments, and include our investments in Home Bank Stock, in the Western Farmers' Lumber Company, Public Press Limited, Grain Growers' Export Company, Traders Building Association, Winnipeg Grain and Produce Exchange, an elevator at the Pacific Coast (in provision for Westward business), and Grain Exchange seats in Winnipeg, Calgary, Vancouver and Fort William, making a total of \$402,852.66. Also investments in real estate—city property as follows: Lombard Street, Burnell Street, St. Boniface lots, Horace Court, St. Boniface, a total of \$360,588.96, and in elevators and miscellaneous investments \$222,413.00, including Terminal "H," Fort William, country elevators completed and in construction, flour warehouses, plant and machinery in Terminal "B," and minor miscellaneous investments.

ADVANCES ON BILLS OF LADING, ETC.—\$172,452.74—These are advances to shippers of grain on bills of lading through the Elevator and Commission Departments, which will be returned to the Company when adjustments are made on the cars. Other debts due to the Company, open accounts and bills receivable, after making full provision for possible bad debts, stands at \$137,938.16. It is expected that the amount realized will exceed the amount named.

AFFILIATED COMPANIES — \$201,064.46—The distribution of this amount is indicated in the Balance Sheet.

STOCK OF GRAIN, FLOUR, ETC.—\$97,250.72—The chief items comprising this amount are stocks in elevators and in the Co-operative Department, and small amounts in other departments.

MISCELLANEOUS ASSETS—\$32,285.56—This is made up principally of Home Bank dividends, office supplies carried forward, accrued interest, funds in hands of track buyers, elevator equipment, such as gasoline on hand, gasoline drums, etc., claims against railway companies, etc., etc.

OFFICE FURNITURE AND FIXTURES—\$16,538.21—This item is self explanatory.

FUNDS IN HANDS OF PAYING AGENTS—\$26,335.74—This item is self explanatory.

LIABILITIES—CAPITAL STOCK —PAID UP \$771,407.35—This amount, it may be noted, like the amount under "Dividend Account" and "Reserves" and balance in Profit and Loss Account, a total of \$1,068,538.92, is a liability only to members of the Company. Paid up Capital Stock shows an increase of \$126,045.55 for the year.

ACCOUNTS AND BILLS PAYABLE—\$353,649.39—This represents the total of the open accounts and bills payable due, or maturing, at the close of the year, by the several departments of the Company.

BANK ACCOUNT OVERDRAFT—\$109,539.74—This includes the total of the overdraft in all departments at the close of the year's business.

DIVIDEND ACCOUNT—\$73,513.84—This is the amount set apart to pay the dividend of 10% on the paid up Capital Stock of the Company for the year ending August 31, 1914, as declared by the Board of Directors and approved by the Annual Meeting. This being charged against the profits of the year, but not yet paid, is here included amongst the liabilities.

RESERVES—\$215,000.00—In our last Annual Statement the total of our Special and General Reserves stood at \$183,000. Of this amount \$28,213.37 was used during the year, leaving \$154,786.63 in Reserve Account on August 31, 1914, to which is now added \$60,213.37 from Profit and Loss Account, with the approval of the Annual Meeting, making the total in reserve \$215,000.00 as above, and this amount has been apportioned as General Reserve, \$200,000.00, and Special Reserve, \$15,000, available for such calls as may be properly made upon it.

PROFIT AND LOSS ACCOUNT—\$142,344.94—As already explained, this has been applied in providing for cash dividends for the past year, in increasing the Reserve, and the balance, \$8,615.73, remaining in open Profit and Loss Account.

VARIOUS ENTERPRISES—OLD AND NEW—As is now generally well known, The Grain Growers' Grain Company Limited, through its Executive, and from its early history, has always been on the alert to adopt new and supplementary schemes or projects for the welfare of its members and patrons, the up-building of the Company, and incidentally for the benefit of the masses of the people. In some of these enterprises, as in the financial support given the Grain Growers' Guide and Public Press Limited, the Grain Growers' Export Company Limited, the Grain Growers' Associations of Manitoba and Saskatchewan and the U.F.A. of Alberta, the Educational and Organization work always in progress, the purchase of a British Columbia timber limit and a cleaning elevator at the Lake front, the leasing of the Manitoba Government Elevators, together with our Sampling and Claims Departments, and our Testing operations, may not have been immediately dividend producing, yet, as a result of their outlay and support, the activity, energy and foresight displayed, and the co-operation enlisted, our Company has been able to bring about vast benefits, not only for its members and patrons but for all

the farmers of the West; indeed, many of these benefits have extended directly or indirectly far beyond the farm. Hence already these extra enterprises have become valuable assets for our patrons and for Western people generally, and eventually should become remunerative assets for the Company.

The Co-operative Department, during the year, has done a large business in the distribution of coal, apples, wire fencing, barbed wire, binder twine, flour and other grain products, posts, lumber, etc., in which not only its patrons but all purchasers of these necessities have greatly benefited. In lumber, for instance, conditions, largely through the activities and persistency of our Board, have been materially improved from the purchasers' standpoint, and the benefits resulting therefrom have extended to the cities and towns as well as to rural districts.

Our later projects, the B. C. Agency, looking to the development and expansion of Westward trade, and our Machinery Department, designed to supply, at the lowest cash prices, a full line of farm machinery, implements, vehicles, etc., open with promise of success and usefulness to the people of the Western Provinces.

THE GRAIN GROWERS' GUIDE—With pleasure I again call attention to that important factor in the Grain Growers' movement, The Grain Growers' Guide, an illustrated weekly journal established in 1908, the official organ of the Grain Growers' Associations of Manitoba and Saskatchewan and of the United Farmers of Alberta. From small beginnings, and in spite of bitter opposition from monopolistic interests it has so strongly attacked, The Guide has risen to a high place in Canadian journalism, now having a large and rapidly growing circulation. It was established to give organized farmers an authoritative mouthpiece, and it is the pride and pleasure of our shareholders generally that our Company has been able to render the financial aid necessary to

establish and ensure the permanency of The Guide. It consistently supports the platform of the organized farmers, and should speedily become a welcome and weekly visitor to every home in the West.

Through the aggressive operations of The Grain Growers' Grain Company and its various agencies, general conditions have been greatly improved since the advent of our Company. **There is yet much to be done. Increased capital and increased grain receipts alone furnish the working power, and enable the Board to enlarge the scope of the Company's field of usefulness. The capital and the grain supply can come only through the farmers of the West, and as these are available will the Board be able to enter upon other fields of usefulness or extend its efforts in its activities. With the farmers of Western Canada rests the future usefulness and the ultimate success of The Grain Growers' Grain Company Limited.**

Respectfully submitted,

W. H. BEWELL,

Shareholders' Auditor.

Rosser, Nov. 19th, 1914.



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GRAIN GROWERS' GUIDE

